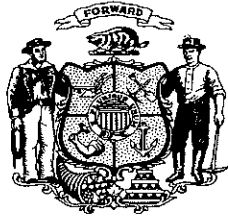


# STATE OF WISCONSIN

SENATE CHAIR  
**MARK MILLER**

317 East, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: (608) 266-9170



ASSEMBLY CHAIR  
**MARK POCAN**

309 East, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: (608) 266-8570

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Mark Miller  
Representative Mark Pocan

Date: May 17, 2010

Re: SWIB Quarterly Report to JFC

Attached is a report listing all expenses that were charged directly to funds managed by the State of Wisconsin Investment Board (SWIB) during the quarter ending March 31, 2010, pursuant to s. 25.17 (13m), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP:jm





RECEIVED  
MAY 17 2010  
BY: *St. Finnen*

May 14, 2010

Senator Mark Miller, Co-Chair  
Joint Committee on Finance  
P.O. Box 7882  
Madison WI 53707-7882

Representative Mark Pocan, Co-Chair  
Joint Committee on Finance  
P.O. Box 8952  
Madison WI 53708-8952

Senator Kathleen Vinehout, Co-Chair  
Joint Committee on Audit  
P.O. Box 7882  
Madison WI 53707-7882

Representative Peter Barca, Co-Chair  
Joint Committee on Audit  
P.O. Box 8952  
Madison WI 53708-8952

Mr. Michael Morgan, Secretary  
Department of Administration  
101 East Wilson Street  
P.O. Box 7864  
Madison, WI 53707-7864

Dear Senator Miller, Senator Vinehout, Representative Pocan, Representative Barca and Secretary Morgan:

As required by Section 25.17 (13m), I have attached our quarterly report listing all expenses that were charged directly to funds managed by the State of Wisconsin Investment Board (SWIB or the Board) during the quarter ending March 31, 2010. In addition to the expenses charged to the funds, the report also contains a comparison of assets managed internally and externally for the past four quarters.

The statutes authorize the Board to employ special legal or investment counsel in any matter arising from the scope of our investment authority and to employ professionals, contractors or agents to evaluate or operate any property in which the Board has an interest. The Board may also contract with external advisers to manage various types of investments. Expenses for these services are directly charged to the current income of the fund for which the services were furnished.

This report lists expenses on an accrual basis – when the costs were incurred rather than paid. Providing the information on an accrual basis gives a better picture of quarter to quarter trends in services that are directly charged to the funds. A negative charge typically indicates an adjustment to expenses accrued in a prior quarter or a refund of expenses that were prepaid and subsequently adjusted.

The following highlights changes from the previous quarter:


- Total assets under management increased nearly \$1.9 billion during the first quarter of 2010; but total management costs decreased by over \$1 million from the prior quarter. Although public financial markets ended the quarter on an upswing, external public market management fees for commingled accounts decreased slightly less than \$0.4 million. This was due primarily to continued downsizing the externally managed portfolios, closing some external portfolios and bringing more assets in-house to manage. During the same period, costs for separate external accounts also decreased by \$0.22 million.
- Private equity management fees also decreased nearly \$1.1 million or 5% from the prior quarter and were approximately \$500,000 less than the average quarterly costs during 2009. Fees had trended upward during 2009 as SWIB had increased its commitment to private equity investments by nearly \$2 billion in 2008 and \$1 billion in 2009. Most fees are associated with newer investments and are based on funded and unfunded commitments. Real estate costs, however, increased by \$2.1 million from the prior quarter. The quarter to quarter difference resulted primarily from a refund that SWIB had received in the fourth quarter of 2009. Otherwise, the costs were quite consistent with prior quarters. Due to the continued depressed real estate market, SWIB has invested in relatively few new real estate deals. Managers, whose fees are partly based on asset values, receive lower payments because of the depressed values.
- Overall, investment counsel costs increased by \$194,000 from the prior quarter. This reflects added costs associated with an IT/operations benchmarking project, search for an external global equity manager, annual financial institution bond renewal, and research and securities software services. Legal fees, which vary depending on legal work performed during a given quarter, returned to a more normal amount after having spiked during the fourth quarter.

Attachment A lists all expenses by category. Attachment B provides further explanation about the various expenditure categories. Attachment C includes legal expenses that were capitalized at the time of acquisition or directly associated with the ongoing activity of an asset, such as appraisals or bankruptcy costs. Unlike other expenses listed in this report, these expenses are reflected in the value of the asset or are netted against gross returns of the asset, consistent with standard industry practices.

Attachment D shows the amount and percent of Wisconsin Retirement System (WRS) assets managed internally and externally over the last four quarters. For the eleventh consecutive quarter, the percent of total assets managed internally increased. At the end of the fourth quarter 2009, SWIB was managing 41.2% of assets internally compared to 20.7% at the end of 2007. Internal management of assets continued to rise in 2010 and ended the first quarter at 44.8% of assets under management. This was only possible after SWIB received increased staff and budget authority in 2007 and 2008.

We hope this report gives you a clear picture of external expenditures associated with the trust funds' management. Please contact me, however, if you have any questions or comments about the report.

Sincerely,



Keith Bozarth  
Executive Director

Attachments

cc: Members, Joint Committee on Finance  
Members, Joint Committee on Audit  
Robert Lang, Legislative Fiscal Bureau  
Janice Mueller, Legislative Audit Bureau

**STATE OF WISCONSIN INVESTMENT BOARD**  
**Direct Charges to All Funds Under Management - Accrual Basis**  
**Quarter Ending March 31, 2010**

Charge Category	Service Provided	Charges
<b>Custodial and Banking Fees</b>		
Bankers' Bank	Wisconsin CD Program	\$2,500
BNY Mellon	Master Custody Services	178,582
US Bank	State Banking Services	36
<b>Total Custodial and Banking Fees</b>		<b>\$181,117</b>
<b>Legal Fees, Services and Expenses</b>		
Foley & Lardner	Private Markets Investment Transactions	28,007
Stafford Rosenbaum, LLP	Securities Litigation	8,288
<b>Total Legal Fees, Services and Expenses</b>		<b>\$36,294</b>
<b>Investment Counsel</b>		
AON Risk Services Companies	Fidelity Bond	50,724
BCA Publications	Global & Domestic Fixed Income Strategy Research	22,568
BioCentury Publications	Biotech Stock News	1,248
Bloomberg, LP	Market, Company, Industry & Benchmark Information	333,916
BNY Mellon	Eagle Pace Implementation	(3,375)
CanDeal.ca Inc.	Canadian Government Bond Trading Service	1,050
CEM Benchmarking Inc.	Comparative Cost and Investment Performance Analysis	9,975
Charles River Systems, Inc.	Portfolio Management Software	92,706
Cliffwater LLC	Hedge Fund Investment Consulting	175,000
Connexiti LLC	Supply Chain Data	3,750
Council of Institutional Investors	Corporate Governance	7,500
Courtland Partners	Performance Monitor Reporting	71,250
Covenant Review, LLC	Corporate Bond Research	8,750
Credit Sights	Credit Assessments	18,750
Cutter Associates	Investment Operations Consultant	127,075
Data Broadcasting Corporation - CMS Bond Edge	Pricing Service	11,265
Data Explorers Limited	Securities Lending Analysis	3,315
Davis Mendel & Regenstein, Inc.	Online Investment Reports	11,250
Dominion Bond Rating Service (DBRS)	Credit Ratings & Research Reports for Corporate Bond Issuers	5,179
Dow Jones & Co	Company and Industry News Service	10,866
Earley & Associates	Records Information Management Consulting	39,213
Empirical Research Partners	Portfolio and Quantitative Strategy Research	18,750
Ennis, Knupp & Associates	Fiduciary & Governance Consulting	46,250
Factset Data Systems	Financial & Economic Database	101,953
Financial Tools, Inc.	Financial Statement Spreadsheet Software License	324
Fitch Info., Inc.	Credit Rating Service	1,837
FX Alliance LLC	Electronic Platform for Trading Foreign Currencies	2,405
Gartner, Inc.	Tech Sector Specific Research	9,999
Gimme Credit	Credit Research	4,938
Hamilton Lane Advisors, LLC	Private Equity Consulting/Reporting Services	300,000
Haver Analytics	Global Macroeconomic Research	16,900
IDC Portfolio Management, Inc.	Interest Rate Forecasting & Wisconsin Bank Reports	4,100
iMoneyNet, Inc	Money Market Fund Database	11,577

**STATE OF WISCONSIN INVESTMENT BOARD**  
**Direct Charges to All Funds Under Management - Accrual Basis**  
**Quarter Ending March 31, 2010**

Institutional Investor	Global Fixed Income Institute Membership	8,497
Interfaith Center On Corporate Responsibility	Social Investing Research	500
Investor Responsibility & Support Services, Inc	Securities Class Action Support	17,498
ITG Solutions Network Inc.	Trading Transaction Cost Analysis	37,500
Jefferson Wells International	Risk Advisory Services	670
KPA Advisory Services	Investment Organization Research	1,125
Lombard Street Research	Global Economic Analysis	8,571
London Stock Exchange PLC	London Stock Exchange Data	8,322
Maria Fiorini Ramirez	Economic Analysis	(1,200)
Market Axess Corporation	Bond and Yield Pricing	300
Moody's Analytics, Inc.	Economic, Currency & Bond Analysis	113,343
Moody's Investor Service	Corporate Bond Credit Quality Screening	(1,588)
Morgan Stanley Capital International	Developed Markets Security Data	55,729
Morningstar, Inc.	Benchmark & Performance Data/Historical Return Analysis	530
National Council of Real Estate Investment Fiduciaries	Real Estate Performance	625
New York Stock Exchange	New York Stock Exchange Data	7,238
Property & Portfolio Research	Real Estate Consulting & Electronic Services	27,500
QTI Professional Staffing, Inc	Investment Staff Recruitment Consulting	18,585
Quantitative Services Group LLC	Access to Quantitative Data	31,458
Reuters America Inc.	News, Economic & Company Research & Analytics	38,779
RiskMetrics Group	Volatility and Correlation Data/Proxy Voting Analysis	41,550
Russell Investment Group	Index Data Feeds	7,500
S.R. Batliboi & Company	Tax Compliance Services Required by Government of India	37,806
Salomon Analytics Yield Book	Fixed Income Portfolio Risk & Optimization Modeling/Analysis	12,500
SNL Financial	Customized Analysis of Bank Investments	11,250
Standard & Poor's	Industry & Corporate Research	66,319
StepStone Group LLC	Private Equity consultant	43,750
Strategic Economic Decisions	Research Reports	6,249
Strategic Investment Solutions, Inc.	Asset Allocation & Benchmark Consulting	110,000
StreetAccount LLC	Tracks Portfolio and Historical Information	1,650
Telsey Advisory Group	Consumer Sector Research	31,251
The Corporate Library	Proxy Voting Research Data	4,751
The Markets.com	Detailed Research Service	5,907
The World Markets Company PLC	Closing Spot and Closing Forward Rates	2,085
Thomson Financial Services	Electronic Research Pricing (Autex, StreetEvents, FirstCall)	61,196
Toronto Stock Exchange	Market Data/Traders	1,748
Trade Web	On-Line Fixed Income Trading Service	7,800
Tradeweb Markets, LLC	Electronic Research Pricing	750
Wilshire Associates	Performance Measurement, Portfolio Management & Analytics	113,000
World Bank Publications	Historical Emerging Market Countries Macroeconomic Data	189
<b>Total Investment Counsel</b>		<b>\$2,462,240</b>
<b>Real Estate Investment Management Services</b>		
Apollo Advisors	Real Estate Management Services	25,053
Archstone - Smith Trust	Real Estate Management Services	247,041
Berkshire Property Advisors, LLC	Real Estate Management Services	365,658
Blackstone Management Partners VI LLC	Real Estate Management Services	539,156

**STATE OF WISCONSIN INVESTMENT BOARD**  
**Direct Charges to All Funds Under Management - Accrual Basis**  
**Quarter Ending March 31, 2010**

Bristol Group, Inc.	Real Estate Management Services	77,490
BVP Managers, LLC	Real Estate Management Services	375,000
Callahan Capital	Real Estate Management Services	355,609
Capital Trust	Real Estate Management Services	436,988
Centerline Capital Group	Real Estate Management Services	187,500
Cornerstone Real Estate Advisors	Real Estate Management Services	213,190
Essex VFGP	Real Estate Management Services	125,000
Fortress Investment Corp.	Real Estate Management Services	958,468
Goldman Sachs & Co.	Real Estate Management Services	51,761
Guggenheim Structured Real Estate Advisors, LLC	Real Estate Management Services	54,644
Hawkeye Partners LP	Real Estate Management Services	97,665
Heitman Capital Management Corp.	Real Estate Management Services	31,952
Henderson Global Investors (North America) Inc.	Real Estate Management Services	219,700
Hudson Advisors	Real Estate Management Services	398,443
Invesco Realty Advisors, Inc.	Real Estate Management Services	247,380
JP Morgan Investment Management	Real Estate Management Services	1,305,436
Kensington Realty Advisors	Real Estate Management Services	75,981
Koll Bren Realty Advisors	Real Estate Management Services	(287,630)
KTR Capital Partners	Real Estate Management Services	560,064
Landmark Realty Advisors	Real Estate Management Services	3,298
Lazard Freres	Real Estate Management Services	88,373
Lowes Structured Real Estate	Real Estate Management Services	113,803
Mesa West Capital LLC	Real Estate Management Services	360,183
MMA Realty Capital	Real Estate Management Services	2,851
Morgan Stanley	Real Estate Management Services	(81,412)
Northwestern Mutual Life	Real Estate Management Services	6,318
Prudential (senior housing)	Real Estate Management Services	127,822
Rockpoint Group LLC	Real Estate Management Services	371,104
Rockspring Property Investment Managers	Real Estate Management Services	102,647
RREEF	Real Estate Management Services	361,706
Security Capital	Real Estate Management Services	173,300
Sentinel Realty Advisors Corp.	Real Estate Management Services	85,395
The Blackstone Group	Real Estate Management Services	23,344
Westbrook Real Estate	Real Estate Management Services	874,723
<b>Total Real Estate Investment Management Services</b>		<b>\$9,275,003</b>

**Private Equity Management**

3I Europe Investment Partners	Private Equity Management	6,400
Advent International GPE VI, L.P.	Private Equity Management	204,400
Alchemy Partners	Private Equity Management	75,000
Alta Communications IX, LP	Private Equity Management	171,300
American Securities Opportunities Fund, LP	Private Equity Management	189,700
American Securities Partners V, L.P.	Private Equity Management	293,600
Ampersand Ltd Partnership	Private Equity Management	67,800
Apollo European Principal Finance Fund, L.P.	Private Equity Management	427,500
Apollo Investment Fund IV LP	Private Equity Management	5,000
Apollo Investment Fund VII, L.P.	Private Equity Management	301,100



**STATE OF WISCONSIN INVESTMENT BOARD**  
**Direct Charges to All Funds Under Management - Accrual Basis**  
**Quarter Ending March 31, 2010**

Ares Corporate Opportunities Fund II, LP	Private Equity Management	108,400
Ares Corporate Opportunities Fund III, L.P.	Private Equity Management	375,000
Ares Corporate Opportunities Fund, LP	Private Equity Management	55,000
Asia Recovery Fund	Private Equity Management	19,300
Avenue Europe Special Situations Fund, L.P.	Private Equity Management	256,700
Avenue Special Situations Fund V, L.P.	Private Equity Management	281,300
Baird Venture Partners	Private Equity Management	70,300
Baird Venture Partners III	Private Equity Management	156,300
BC European Capital	Private Equity Management	373,300
Bear Stearns	Private Equity Management	4,700
Bear Stearns Merchant Capital	Private Equity Management	327,100
Birch Hill Equity II	Private Equity Management	1,500
Blackstone Management Partners V LLC	Private Equity Management	298,200
Boston Millennia	Private Equity Management	92,900
Bridgepoint Europe III A LP	Private Equity Management	223,500
Bridgepoint Europe IV, L.P.	Private Equity Management	310,800
Caltius Partners IV, L.P.	Private Equity Management	250,000
Capital International Global	Private Equity Management	9,500
Capital Res Partners IV LP	Private Equity Management	50,800
Capital Resource Lenders III	Private Equity Management	9,300
Carlyle Asia Ltd.	Private Equity Management	32,300
Carlyle Partners IV, LP	Private Equity Management	83,100
Carlyle Partners V, L.P.	Private Equity Management	284,900
Cerberus Institutional Partners LP	Private Equity Management	370,000
Charterhouse	Private Equity Management	61,000
Charterhouse Capital Partners IX, L.P.	Private Equity Management	611,000
Charterhouse VIII	Private Equity Management	165,800
Clessidra Capital Partners II	Private Equity Management	215,400
Coller International	Private Equity Management	87,200
Coller International V LP	Private Equity Management	186,500
CVC European Equity Partners IV	Private Equity Management	89,000
Cypress Advisors, LP	Private Equity Management	27,600
DAG Ventures IV, LP	Private Equity Management	176,100
Doll Technology Invst Fd II LP	Private Equity Management	15,000
Drug Royalty II, S.ar.I.	Private Equity Management	187,500
El Dorado Ventures	Private Equity Management	165,900
EQT V, L.P.	Private Equity Management	231,300
Essex Woodlands Hlth Venture V	Private Equity Management	73,300
FFC Partners II, LP	Private Equity Management	56,100
Fortress Invest Fund II LLC	Private Equity Management	14,100
Fortress Invest Fund IV (Coinvestment Fund A) LP	Private Equity Management	86,300
Fortress Invest Fund IV (Fund A) LP	Private Equity Management	111,700
Fortress RIC	Private Equity Management	7,600
Fortress V	Private Equity Management	266,500
Fortress V Coinvestment	Private Equity Management	70,300
Frazier	Private Equity Management	253,500
Friedman Fleischer & Lowe Capital Partners III,	Private Equity Management	247,500

**STATE OF WISCONSIN INVESTMENT BOARD**  
**Direct Charges to All Funds Under Management - Accrual Basis**  
**Quarter Ending March 31, 2010**

L.P.		
Gores Capital Partners II, LP	Private Equity Management	75,000
Graphite	Private Equity Management	347,800
Green Equity Partners V	Private Equity Management	372,600
GS Special Opptys Asia Fd LP	Private Equity Management	4,100
GTCR	Private Equity Management	197,400
Hamilton Lane Co-Investment Fund II, L.P.	Private Equity Management	125,000
Harbourvest International	Private Equity Management	116,000
Hellman & Friedman Capital VI	Private Equity Management	281,300
IGP II	Private Equity Management	600
Insight Equity II, L.P.	Private Equity Management	215,300
Insight Equity Mezzanine I, L.P.	Private Equity Management	56,300
Kelso Investment VII LP	Private Equity Management	79,200
Kelso VIII	Private Equity Management	375,000
KKR 2006 Fund LP	Private Equity Management	116,000
KKR European Fund III, L.P.	Private Equity Management	324,300
KKR European II	Private Equity Management	143,800
Kohlberg Investors VI, LP	Private Equity Management	332,000
Kohlberg Kravis Roberts & CO	Private Equity Management	22,000
KRG Capital Fund IV - A, L.P.	Private Equity Management	39,200
KRG Capital Fund IV, L.P.	Private Equity Management	196,200
Lake Pacific I Gladson, LLC	Private Equity Management	110,000
Lake Pacific Partners, LLC	Private Equity Management	110,000
Lindsay Goldberg and Bessemer II	Private Equity Management	349,800
Lindsay Goldberg III, LP	Private Equity Management	405,400
Lone Star Fund IV LP	Private Equity Management	14,300
Lone Star Fund VI	Private Equity Management	216,100
Mason Wells Partners I, LLC	Private Equity Management	76,300
Mayfield XI LP	Private Equity Management	29,500
Montreux Equity Partners IV, L.P.	Private Equity Management	127,100
New Mountain Partners III, L.P.	Private Equity Management	501,900
Northwestern Mutual Capital Mezzanine Fund I, L.P.	Private Equity Management	215,500
Oak Investment Partners XII, LP	Private Equity Management	200,000
OCM Opportunities Fund VII	Private Equity Management	157,300
OCM Opportunities Fund VIIb, L.P.	Private Equity Management	243,500
Old Lane India Opportunities Fund-T, LP	Private Equity Management	90,400
Peninsula Fund IV LP	Private Equity Management	250,000
Penninsula Fund	Private Equity Management	64,500
Pomona Capital	Private Equity Management	183,500
Pomona Capital VII, L.P.	Private Equity Management	209,000
Providence Equity Partners VI, LP	Private Equity Management	289,200
Providence TMT Special Situations Fund	Private Equity Management	120,400
Providence V	Private Equity Management	51,700
Riverstone/Carlyle GE&P IV	Private Equity Management	354,800
Seaport Capital Partners II	Private Equity Management	42,600
Segulah IV, L.P.	Private Equity Management	118,200

**STATE OF WISCONSIN INVESTMENT BOARD**  
**Direct Charges to All Funds Under Management - Accrual Basis**  
**Quarter Ending March 31, 2010**

SKM Equity Fund III, LP	Private Equity Management	20,000
Sprout	Private Equity Management	1,200
TA X	Private Equity Management	42,400
TAC 2007, L.P.	Private Equity Management	48,700
TCV VII	Private Equity Management	248,800
Thomas H Lee Manager's V, LLC	Private Equity Management	5,800
Thomas Lee VI	Private Equity Management	258,200
TowerBrook Investors III, L.P.	Private Equity Management	140,400
TPG Partners V, LP	Private Equity Management	66,900
TPG Partners VI, LP	Private Equity Management	522,300
Trident IV, L.P.	Private Equity Management	213,700
Venture Investors	Private Equity Management	56,300
Venture Investors Early Stage Fund IV	Private Equity Management	156,300
Vista Equity Partners Fund III, L.P.	Private Equity Management	201,000
Warburg Pincus Private Equity IX, L.P.	Private Equity Management	431,500
Warburg Pincus Private Equity X, L.P.	Private Equity Management	562,200
Waterland Private Equity Fund IV, C.V.	Private Equity Management	226,500
Wayzata Opportunities Fund II	Private Equity Management	427,000
Windpoint Partners V LP	Private Equity Management	100,800
Windpoint Partners VII, LP	Private Equity Management	100,200
<b>Total Private Equity Management**</b>		<b>\$20,972,500</b>

**Commingled Account Public Market Management Fees**

BlackRock Institutional Trust Company N.A.	Quantitative/Enhanced & Index Fund Management	1,872,924
Boston Company, The	Equity Emerging Market Management	2,347,478
Callan Associates Inc.	Fund-of-Funds Small Cap Equity Management	780,378
Capital Guardian Trust Company	Global High Yield Fixed Income Management	522,134
Graham, Mayo, Van Otterloo	Fixed Income Emerging Market Management	612,441
LSV Asset Management	Quantitative/Enhanced & Index Fund Management	642,630
T. Rowe Price Trust Company	Equity Emerging Market Management	2,264,043
UBS Global Asset Management	Multi-Asset Management	673,812
<b>Total Commingled Account Public Market Management Fees</b>		<b>\$9,715,841</b>

**Separate Account Public Market Management Fees**

Aberdeen Asset Management	Global Fixed Income/Emerging Active Management	583,368
Acadian Asset Management	International Equity Active Management	1,402,019
AEW	Real Estate Investment Trusts	84,655
Alliance Bernstein	International Equity Active Management	998,964
American Century Investments	International Equity Active Management	516,750
Brandywine Asset Management	Global Fixed Income Active Management	174,591
Bridgewater Associates	Global Fixed Income Active Management/Inflation Protection	445,194
Dodge & Cox	US Credit/Government Bond Management	182,861
EII Realty Services, Inc.	Real Estate Investment Trusts	197,905
Graham, Mayo, Van Otterloo	Large Cap Quantitative Management	338,588
Heitman Real Estate Securities, LLC	Real Estate Investment Trusts	78,382
Janus Institutional Asset Management	Large Cap Growth Management	847,434
Loomis, Sayles & Co.	High Yield Fixed Income Active Management	484,251

**STATE OF WISCONSIN INVESTMENT BOARD**  
**Direct Charges to All Funds Under Management - Accrual Basis**  
**Quarter Ending March 31, 2010**

LSV Asset Management	International Equity Active Management	1,271,822
Morgan Stanley Asset Management	International Equity Active Management	1,000,079
Pyramis Global Advisors Trust Company	International Equity Active Management	979,771
RREEF America LLC	Real Estate Investment Trusts	225,963
Shenkman Capital	High Yield Fixed Income Active Management	355,577
Standish Mellon Asset Management LLC	Cash Management Service	24,998
Stone Harbor Asset Management	Emerging Market Fixed Income Active Management	471,148
<b>Total Separate Account Public Market Management Fees</b>		<b>\$10,664,320</b>

**Total Quarterly Charges to Funds****\$53,307,315**

*\*Fees paid to fund managers are established as a percentage of the capital committed. As assets in a fund are sold, the management fees are typically reimbursed from the profits of the fund.*

*\*\*Expenses for private equity management fees are estimated and adjusted annually based upon committed capital or assets under management, determined by management contract terms. Total committed capital includes management fees. All capital contributions to the limited partnership must first be returned to the limited partners before any incentive fees are paid to the general partner.*

## Explanations of Direct Charges

### **Custodial & Banking Fees**

*Wisconsin Certificate of Deposit Program:* Under a contract with SWIB, Bankers' Bank administers the program under which the State Investment Fund (SIF) purchases certificates of deposit from Wisconsin-based banks and thrifts. Most administrative costs are paid by the participating banks. SWIB's expenses are \$2,500 per quarter to help underwrite other administrative costs, such as insurance that SWIB requires to be purchased.

*BNY Mellon:* Provides master custody services (safekeeping of assets, income collection, valuations and accounting) for public and private domestic and foreign securities in the Wisconsin Retirement System (WRS), the SIF and the smaller funds. In addition, SWIB receives performance measurement and analytical services from BNY Mellon Analytical Solutions through its custodial contract with BNY Mellon, which serves as the official book of record for SWIB's accounting and performance measurement functions. BNY Mellon provides the data and analytical tools used by SWIB for compliance and risk management. Fees for these services are established by contract.

*US Bank:* The State of Wisconsin has contracted with US Bank to be the state's working bank. The fees paid to US Bank by the SIF reflect bank service charges that are not directly applicable to the fund participants. These fees are distributed to the fund participants through the monthly SIF earnings process.

### **Legal Fees, Services and Expenses**

Under authority delegated by the Attorney General, pursuant to s. 25.18 (1) (a) Statutes, SWIB may employ legal counsel for any matters arising out of the scope of its investment authority. This includes legal services relating to bankruptcies, class actions, private markets transactions, fiduciary advice, securities law, investment litigation, and other similar matters. Capitalized fees incurred during the asset acquisition process are reported separately as a charge against the value of the asset. The Attorney General annually reviews and approves a list of law firms to provide investment legal services for SWIB and reviews related legal fees.

### **Investment Counsel**

Current law gives SWIB the authority to employ investment counsel in any matters arising out of the scope of its investment authority. Investment research and services provided include global market, industry, economic and company information, financial and performance analytics, news information, pricing and exchange data, credit ratings, financial modeling, economic forecasting, trading services and a variety of Board consultations. These services enable SWIB to perform due diligence on current and future holdings and assist in monitoring investments.

### **Real Estate Investment Management Services**

SWIB hires real estate advisors to assist with sourcing analysis, due diligence and management of real estate investments. SWIB also invests in funds, typically limited partnerships. Each fund either has a general partner or engages a fund manager with delegated authority to make real estate investments for the fund. Real estate advisory fees are usually based on a percentage of assets under management. Fees paid to fund managers are established as a percentage of the capital committed. As assets in a fund are sold, the management fees paid are typically reimbursed from the profits of the fund.

**Private Equity Management Fees**

SWIB invests in private equity funds, typically limited partnerships that in turn make individual private equity investments. Each fund is managed by its general partner or fund manager with delegated authority. Fees are established as a percentage of the capital committed to each fund or partnership. As assets in a fund are sold, the management fees are typically reimbursed from the profits of the fund.

**Public Market Active Management Fees**

Within broad guidelines established by SWIB, these managers have been delegated authority to determine strategy and purchase securities in SWIB's name under a separate and distinct account. This relationship is used primarily in the management of international equity and fixed income investments. Fees are typically assessed as a percentage of the market value of assets under management and may include other factors.

BNY Mellon invests the cash from the externally managed portfolios and internally managed international equity portfolios that have yet to be invested in stocks or bonds. Due to settlement times around the globe, these funds cannot be effectively managed in the State Investment Fund. The fees are negotiated as part of the custodial contract.

**Indexed, Enhanced and Commingled Fees**

SWIB has investments in a number of externally managed funds that seek to replicate the returns of a particular public market index (such as the Russell 1000) or seek to enhance the return from a particular public market index through the use of quantitative models or other strategies. SWIB's investments are commingled with other investors, and the underlying securities are owned in the name of the fund manager. Fees are typically based on a percentage of assets under management and may include other factors, such as performance.

**Asset Specific Charges**

Asset specific charges include expenses that are directly associated with the ongoing activity of an asset such as appraisals or bankruptcy costs. Unlike other expenses reflected in this report, these expenses are netted in gross returns of the asset, consistent with standard industry practices.

**STATE OF WISCONSIN INVESTMENT BOARD**  
**Report of Asset Specific Charges and Capitalized Legal Fees - Accrual Basis**  
**Quarter Ending March 31, 2010**

Charge Category	Service Provided	Charges
<b>Legal Fees, Services and Expenses</b>		
Law Office of Walter S. Cowger	Private Markets Investment Transactions	\$3,823
Michael Best & Friedrich	Litigation & Private Markets Investment Transactions	8,392
Reinhart Boerner Van Dueren	Private Markets Investment Transactions	11,494
Robins, Kaplan, Miller & Ciresi L.L.P.	Legal & Accounting Litigation	2,886
Solheim, Billing & Grimmer SC	Private Markets Investment Transactions	(67)
<b>Total Legal Fees, Services and Expenses</b>		<b><u>\$26,529</u></b>

**Total Asset Specific Charges** **\$26,529**

<b>Capitalized Legal Fees</b>		
Michael Best & Friedrich	Litigation & Private Markets Investment Transactions	2,542
Reinhart Boerner Van Dueren	Private Markets Investment Transactions	18,687
Solheim, Billing & Grimmer SC	Private Markets Investment Transactions	<u>2,289</u>

**Total Capitalized Legal Fees** **\$23,518**

Wisconsin Retirement System Assets  
Internal & External Management

ATTACHMENT D

Wisconsin Retirement System (WRS)		6/30/2009		9/30/2009		12/31/2009		3/31/2009	
		Amount (in millions)	Percent	Amount (in millions)	Percent	Amount (in millions)	Percent	Amount (in millions)	Percent
Internally Managed		\$25,178	39.8%	\$29,038	40.9%	\$30,017	41.2%	\$33,338	44.8%
Externally Managed Dedicated Accounts		11,477	18.1%	13,984	19.7%	14,332	19.7%	13,395	18.0%
Externally Managed Commingled Accounts		26,685	42.1%	27,903	39.3%	28,496	39.1%	27,635	37.2%
1. Passive Index Funds		10,876	17.2%	12,014	16.9%	12,530	17.2%	12,646	17.0%
2. Enhanced Index Commingled Funds		7,039	11.1%	6,188	8.7%	5,668	7.8%	4,402	5.9%
3. Limited Partnerships		5,323	8.4%	5,586	7.9%	5,945	8.2%	6,076	8.2%
4. Actively Managed Commingled Accounts		3,446	5.4%	4,116	5.8%	4,353	6.0%	4,511	6.1%
TOTAL WRS Assets		\$63,340	100.0%	\$70,925	100.0%	\$72,845	100.0%	\$74,368	100.0%

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